

# BONSAIS IN A WILD FOREST? A HISTORICAL INTERPRETATION OF THE LONGEVITY OF LARGE SPANISH FAMILY FIRMS \*

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## RESUMEN

En este artículo se presentan los primeros resultados de una investigación en curso sobre la longevidad de las grandes empresas familiares españolas. Su principal objetivo es proporcionar datos sólidos sobre un tema en el que abundan más las opiniones que las estadísticas científicas, así como identificar las claves de la supervivencia y competitividad de las cerca de 250 empresas en que se basa el estudio. Se concluye que esta realidad no es sólo el resultado de dos décadas de integración económica en Europa o de una buena dotación de recursos naturales, sino también de un largo período de aprendizaje y de la combinación de dos factores: la especialización en nichos de mercado que no fueron objeto de interés estratégico por parte del Estado, y la habilidad para consolidar redes personales de cooperación e influencia dentro y fuera del país.

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\* Received 07/18/2007. Accepted 11/13/2007.

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**Palabras clave:** Empresa familiar, gran empresa, longevidad, competitividad

### ABSTRACT

This study presents the first results of an on-going study of longevity of large Spanish family firms. Its main objective is to provide solid data for a topic in which opinions are more abundant than scientific statistics, as well as to identify the keys to the survival and competitiveness of the almost 250 firms included in the study. It concludes that this reality is not just the result of two decades of integration in Europe or a fortunate endowment with some natural resources, but the outcome of a long learning process and the combination of two factors: specialization in market niches in which the state had no strategic interests and the creation of personal networks of cooperation and influence within and outside Spain.

**Keywords:** Family firm, large firm, longevity, competitiveness

**JEL Classification:** D10, J16, M20, N01, N80

## 1. INTRODUCTION

There is a wide diversity of definitions of what a family firm is, but most scientists agree that the determining feature is the ownership structure, in which people linked by kinship ties own the controlling voting shares or property<sup>1</sup>. The way kinship ties are defined varies depending on cultural factors and may include blood ties as well as spiritual ties. As regards the percentage of voting shares or property needed to control the firm, these also vary depending on the legal framework governing entrepreneurial activity in each territory. This has changed quite substantially in Spain, as in other European countries, in the last two centuries<sup>2</sup>. Some historians have pointed towards the early modern

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<sup>1</sup> Howorth, Rose and Hamilton (2006). The authors want to express their gratitude for comments and suggestions received from editors and referees to improve concepts and evidences. They are also indebted in this process with Mary B. Rose, Ellie Hamilton, Andrea Colli, Jari Ojala, Pablo Díaz Morlán, and Mark Casson.

<sup>2</sup> Limited ownership was possible in Spain after the 1829 Code. Today the Spanish lobby of large family firms *Instituto de la Empresa Familiar* is working hard to modify the existing law, or even to create a new mercantile law to allow an increase in the percentage of shares without voting rights in limited companies in Spain. In this way family firms with high capi-

times as the age of the first consolidation of family capitalism, linking it with the rise of the bourgeoisie as a social class. Well-known anthropologists, though, place the establishment of family-owned businesses in earlier times and in tribal societies<sup>3</sup>.

Economists and business historians have rarely considered family firms as efficient and flexible institutions able to learn from and also teach to lessons of competitiveness from big corporations. In contrast with big managerial corporations of some leading economies and sectors of the II Technological Revolution, family firms appear as losers in the race for competitiveness in contemporary business history<sup>4</sup>. However, in recent decades, interdisciplinary scholarship on family firms in Europe, the U.S.A. and Asia, has indicated that in the last 150 years many large and medium family firms have managed to learn and successfully use organizational skills from big corporations, and at the same time have been able to maintain family control and values<sup>5</sup>. Personal networking has proved a very efficient tool for building the channels of trust across regional and national borders so important in international businesses today<sup>6</sup>. Renewed studies of the economics of family firms are also revealing some very important competitive advantages of family firms in the manufacturing sectors which are very strategic skills in our globalization era: flexibility to adapt to changes and innovate, cost saving personal networking, and better skills to create intangible assets like reputation and brands<sup>7</sup>. The study of the geography and longevity of family firms in a country can, therefore, contribute important insights into the concentration and availability of human capital in a territory, which is one of the goals of this study.

Over centuries family firms have been the most common ownership structure across countries and sectors. Relying on a strong basis of trust, family firms offered the means to coordinate efforts and resources adequately and to face uncertainty<sup>8</sup>. Trust-based networks seemed to lose much of their pre-eminence in the most advanced parts of the world between the eighteenth-century and the end of the 1970s as a consequence of the spread of economic liberalism, the growth of productivity and the

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tal requirements (needed to innovate and/or internationalize) could open their ownership to outsiders without losing key controlling rights, the sign of their autonomy and independence. See interview with Fernando Casado in Bibko (2002): 45.

<sup>3</sup> Classic historical approaches are Stone (1977) and Braudel (1982). For an excellent anthropological approach, see Goody (1983).

<sup>4</sup> On the family firm debate see Jones and Rose (1993); Colli (2003); and Howorth, Rose, and Hamilton (2006: 225-247). On the comparison between some big US corporations and UK and German firms, see Chandler (1994).

<sup>5</sup> James (2006), Casson and Godley (eds.) (2000), Colli (2003).

<sup>6</sup> Castells [2000 (ed.), 2004 (ed.)], and Galambos (2005: 1-38).

<sup>7</sup> Galve and Salas (2003).

<sup>8</sup> Granovetter (1995: 93-130).

fall of transportation and communication costs linked to the industrialization process<sup>9</sup>. It was indeed in the regions and countries where the new sectors developed earlier and more intensely that the «Chandlerian» firm emerged. This happened firstly in the United States, Germany, the United Kingdom and France, and later in the European periphery and the Far East. As the II Technological Revolution progressed, regions and firms that remained rooted in the industrialized sectors of the I Technological Revolution were considered to be dominated by a backward-looking personal and family type of capitalism<sup>10</sup>.

This static view, so dominant for many years in debates about modern business structures, failed to see change and adaptation of the old family firm structures<sup>11</sup>. In many countries, some family firms started to change their inherited traditional features in a very slow and disperse way. It was such a slow transformation that it was difficult for researchers to identify the changes as a coherent trend across national borders and sectors. However, these scattered changes were in fact complementary pieces of a general learning process. In this process many large and medium family firms adapted their structures and organization to the impact of technological change and global demand in a way which resembled, but was at the same time different to, the path followed by the Chandlerian corporation<sup>12</sup>.

Large family firms in Europe, Asia and America learnt to professionalize their family management, to borrow from banks without losing family control, and many opened their ownership to the public stock market, particularly during the second half of the 20<sup>th</sup> century. Those who benefited most from all these transformations increased their scale, scope and profits, and contributed to regional wealth.

Management literature indicates that long term family business groups incorporate four priorities which foster enduring success: command (senior independence), continuity (adherence to a mission), com-

<sup>9</sup> Chandler, Amatori and Hikino (eds.) (1997).

<sup>10</sup> On a review of the family firm debate in Rose (1995).

<sup>11</sup> Jones and Rose (eds.) (1993), Colli (2003). With diversified regional experiences, of course. For the UK outdoor trade, see Parsons and Rose (2003) and Parsons and Rose (2004). For various European countries and sectors, see Fernández Pérez and Rose (eds.) (forthcoming).

<sup>12</sup> As with the managerial corporations Chandler studied for the US between the mid 19<sup>th</sup> century and the mid 20<sup>th</sup> century, in some European family firms changes in technology and markets led to growth, diversification and vertical integration. However, and in contrast with the US firms, European family firms remained tightly controlled by people linked by kinship ties, who started processes of improvement of their technical and managerial training. On their productive and commercial changes see James (2006). On the professionalization of management, see Guillén (2004), Puig and Fernández (2003) and an article by these authors is forthcoming in *Revista de Historia de la Economía* (Fundación BBVA).

munity (unity and concern for employees), and connection (long-lived external relationships with clients and suppliers)<sup>13</sup>. However, from a historical and new institutional economics point of view, which is the conceptual approach of this article, the explaining factors of business success and failure identified in a particular place or economic sector cannot be simply extrapolated to other places or times<sup>14</sup>. The interplay of family firms with their particular environment conditions their priorities to a great extent<sup>15</sup>.

This article represents a move towards an improved understanding of the dynamism shown by family capitalism in Europe during the golden age of the managerial corporation between the last third of the 19<sup>th</sup> and 20<sup>th</sup> centuries. In this period, European family firms learnt new strategies and structures which, mixed with preserved family firm competitive advantages, allowed survival and success. We approach this process through the study of the longevity and geographical distribution of the largest historical Spanish family firms. The Spanish evidence includes family firms which had operated for many decades under the umbrella of a highly interventionist and isolationist dictatorship. The obstacles and difficulties these family firms faced during the central years of the «golden age of capitalism» were thus probably more important than in other European countries, where state interventionism took place but not with the strong and enduring isolationist goals of the Spanish state, and therefore the efforts towards transformation and change of Spanish family firms were very different<sup>16</sup>.

The article presents original new data about the longevity of 245 large Spanish family firms and has two main goals. Firstly, to provide solid data about a topic in which opinions are more abundant than scientific statistics. Secondly, to demonstrate that the competitiveness of large Spanish family firms is not just the result of two decades of integration in Europe or a good endowment with some natural resources, as economic analysis without historical perspective indicates, but the outcome of a peculiar combination of two factors that have taken place in Spain over more than a century: specialization in market niches in which the state had no strategic interests or public firms (above all during Franco's dictatorship), and the creation of personal business networks within and outside the firms' regions.

Available economic studies in the field of Spanish family-controlled manufacturing firms at the end of the 20<sup>th</sup> century have indicated their

<sup>13</sup> Miller and Le Breton-Miller (2005: 6).

<sup>14</sup> Jones and Rose (1993).

<sup>15</sup> Colli, Fernández Pérez, Rose (2003).

<sup>16</sup> On Spanish interventionism and isolationism see Catalan (1995, 2003).

specialization in the consumer goods industries and in relatively low added value metal mechanical manufacturing, both sectors which are not very capital intensive<sup>17</sup>. Also, a few of these studies have carried out comparative work to contrast the performance of family owned firms in the Spanish manufacturing sector with that of non-family firms. According to these studies, large Spanish family firms were able to keep ownership control in the industrial sector in a more stable way than financial and public firms during the difficult years of industrial crisis and increased foreign competition of the 1980s<sup>18</sup>. This happened despite the fact that, according to Galve and Salas, the numbers and percentages of all family-owned firms (large, medium and small) in the total number of Spanish manufacturing firms fell during the 1990s<sup>19</sup>. This indicates, by the end of the 20<sup>th</sup> century, high death rates of smaller and medium firms and a parallel process of concentration of small or inefficient firms around medium and large family firms, both developments for which we have scattered qualitative evidence that future research will have to measure and explain in a more comprehensive way. What is absolutely clear is the outcome of these processes of change and transformation over recent decades: half of the largest Spanish multinationals today are family-owned firms and the vast majority of the best-known Spanish brands on international markets are «family firm made»<sup>20</sup>.

This study will attempt to understand not so much this rapid transformation and the internationalization processes of large Spanish family firms during the last three decades, but rather the historical reasons behind the high number of large family firms in our country. Economic studies point towards some possible competitive advantages for contemporary manufacturing family firms such as flexibility to innovate, cost-saving strategies for networking in times of crisis and expansion, and commercial skills to create brands and reputation<sup>21</sup>. However, until now we have not had a historical overview of the long term reasons behind the dynamism of Spanish family capitalism. This article is a first quantitative contribution towards this effort.

<sup>17</sup> Galve and Salas (2003): 85.

<sup>18</sup> Between 1982-1992 the control of the 538 largest industrial manufacturing firms in Spain varied: in the public sector from 11,7 per cent to 10,5 per cent; financial capital controlled firms from 12,3 to 6,6 per cent; foreign capital firms from 32,5 to 48,7 per cent, and family controlled firms from 16,6 per cent to 16,8 per cent. In Nadal (dir.) (2003), p. 408.

<sup>19</sup> Galve and Salas (2003): 85.

<sup>20</sup> On Spanish brands see Murray (2002): 52-53. On the internationalization of large Spanish family firms, Nuria Puig and Paloma Fernández presented first results in «Silent Revolution: The internationalization of large Spanish historical family firms», *European Business History Conference*, Geneva, September 2007 (publication forthcoming).

<sup>21</sup> Galve and Salas (2003): 98-99, 117 and 190-191. They also indicate, however, high vulnerability to external shocks and difficulties obtaining capital from outsiders.

We have created and used our own database of 245 firms and a multitude of scattered biographies and entrepreneurial monographs. The firms are family owned or managed, large (turnovers in excess of 40 million euros), and historical (having experienced at least one successful succession process by the end of 2005). The database has been compiled with information from *Actualidad Económica* 2006, corporate websites, published business articles and books, interviews with the Instituto de la Empresa Familiar (IEF) and with Spanish regional associations of family firms<sup>22</sup>. Despite the scattered nature of the evidence, these are the only available data gathered on medium and large historical Spanish family firms<sup>23</sup>.

According to our data, in 2005 there were 3,712 firms with a turnover in excess of 40 million euros in Spain. Turnover has been taken as the main criteria for selecting the largest Spanish family firms. Around 1,000 of them (25 per cent) are family owned or managed. Most of the firms are small by international standards. Half of these 1,000 largest Spanish family firms are located in Madrid (56 per cent), and only 16 per cent in Catalonia.

Because a study of longevity needs to take into account family firms that have successfully undergone at least one succession process we will call this group «historical family firms». The view radically changes when locating the largest historical family firms: 23 per cent of the total number of firms. 37.7 per cent of these firms are in Catalonia; 14.4 per cent in Madrid; 7.6 per cent in the Autonomous Community of Valencia; 6.9 per cent in Andalusia; 6.2 per cent in the Basque Country; and less than 5 per cent in the other Autonomous Communities of Spain (see Tables 1 and 2). This means that in 2005 the largest Spanish family firms of all ages were concentrated in Madrid, but large historical family firms were concentrated in the Mediterranean basin —particularly in Catalonia.

In the following sections we will offer a preliminary analysis of the identity, geography, specialization, and longevity of large historical family firms in Spain. This section will indicate where major competitive advantage is to be found among large family firms and will identify

<sup>22</sup> We particularly wish to thank Fernando Casado of the IEF, Jesús Casado in Madrid, and the efforts of the regional associations of the IEF which answered our questionnaire and, in cases like the Alicante and the Catalan associations, provided excellent information.

<sup>23</sup> These are the first results of on-going research, but they are so far the only scientific data gathered on longevity of Spanish family firms. Most analysis of Spanish family firms only offer estimates and percentages with no statistical support. Studies of Spanish family firms which use the firms' answers to public questionnaires available since the 1990s, like Galve and Salas (2003), are exceptions. These studies, however, include limited data on the longevity of firms.

the older and younger firms and regional distribution and specialization. The questions will then be why and how the older large family firms have been able to become successful in a very competitive global market, despite traditional backwardness, isolation and two military dictatorships which imposed backward-looking business policies during five decades of the 20<sup>th</sup> century. The next section will try to present some answers to these two questions from a historical perspective, in order to identify not only transformation and change, but also the factors leading to such change. We will see that the regional perspective is historically the most appropriate in order to understand the roots of the competitive advantage of these firms, as is the case in most of Europe. We will also use the available scattered evidence of published and unpublished studies to try to identify the most significant trends of the long learning process through which medium and large Spanish family firms were able to change their inward-looking approach to business for outward-looking competitive strategies. The final conclusion section will summarize the major findings, particularly the idea that this dynamism of some large family firms is not just the result of two decades of integration in Europe or a good endowment with some natural resources, as economic analysis without historical perspective may indicate, but also the outcome of a peculiar combination of two factors that has taken place in Spain over more than a century: specialization in market niches in which the state had no strategic interests or public firms, and the creation of personal business networks within and outside the firms' regions.

## 2. LARGE FAMILY FIRMS IN 21<sup>ST</sup> CENTURY SPAIN

As previously observed, in 2005 the largest Spanish firms according to turnover were geographically concentrated in Madrid. However, the oldest among them were concentrated in Catalonia. The concentration in Madrid may reveal the economic and political attraction of the capital as well as the benefits derived from the reduction in inheritance taxes experienced in the Autonomous Region of Madrid in this decade <sup>24</sup>. In order to study longevity and thus the skills involved in changing and adapting to environmental shocks, we have selected firms which have reached at least the second generation («historical family firms») and have a turnover of more than 40 million euros. According to estimates from the Spanish IEF only 15 per cent of these firms had reached the

<sup>24</sup> This reduction has taken place in other Autonomous Communities such as Castile and Leon since 2000. This was a successful result of regional family firm lobbies according to representatives of the IEF. See Corona and Casado (2002: 40-41).



third generation in Spain in 2002<sup>25</sup>. Table 1 shows the largest 245 firms which met the requirements explained above in 2005.

Our first observation is related with the geography of historical Spanish family firms. A significant 68 per cent (167 firms) of our sample have their headquarters in Catalonia, Madrid, Aragon, the Basque Country and Valencia. All these territories, with the exception of Madrid (whose localization advantages are strongly political or bureaucratic), have historically been industrial regions with a strong influence of one-heir traditions. Their branch of activity is, in most cases, related to the consumer goods industries, construction, services, and very specialized capital intensive market niches like pharmaceuticals and light metal industries. In Catalonia recent and large family firms are highly specialized in food and beverages, chemicals and pharmaceuticals and construction. In Madrid the historical family firm has a weaker industrial profile with retailing, construction and communication standing out. As for Valencia, the Basque Country and Aragon, these regions have rather industrial and diverse profiles. Food and beverages are by far the dominant activities of those firms located in Andalusia, Castile, Galicia, Murcia, Navarre and the Rioja region. In the Balearic Islands, the largest family firms grew up around the footwear industry and later focused on Spain's principal economic activity, tourism.

If we turn our attention to chronology in Catalonia, the number of firms founded before the end of the Spanish Civil War (1936-1939) is 33, more than a third of the total number of Catalan firms included in the table (84). It is important to note that many of them were established in the 1920s. Half of the Catalan firms were set up during Franco's dictatorship and they show a great diversity of economic activities in comparison with the other, much more specialized Spanish regions. In Madrid, the post-war regime encouraged the growth of groups linked to construction, distribution and communications<sup>26</sup>. However, the surviving firms have a rather heterogeneous profile. A different view is to be found in the Northern region of the Basque Country: the dismantling of traditional industries in the Basque Country has changed its entrepreneurial landscape in recent decades: accumulated capital and families persist, but many firms have disappeared. Table 1 suggests that historical family firms of medium and large size have grown in the shadow of the second industrial revolution.

<sup>25</sup> See Bibko (2002),

<sup>26</sup> Many public firms located in Madrid were sold and private firms were able to take control, as happened in the car and metal industries. On INI and the privatization process see Nadal (dir.) (2003): 418-421.

The other regions have diverse profiles, but with some key specialized historical niche branches. In Valencia, the labour-intensive industries that once characterized its entrepreneurial fabric are fading, in contrast with the rise of retailing, ceramics and construction. In Andalusia, the engineering firm Abengoa (whose Madrid offices are actually much larger than those in Seville) overshadows some of the most venerable and best known manufacturers of sherry and other alcoholic beverages. The chronology of Aragon's family firms is similar to that of Catalonia. In those regions with a strong agricultural profile, (Galicia, Castile, Navarre, Murcia, and Rioja) we observe a strong presence of agro industrial family firms linked to the canned food industries. It should be noted that winemaking, an important activity throughout Spain, is practically absent from our data because most wineries are usually small in both size and turnover. Banco de Santander is the only survivor in Cantabria, managed by the second and third generations of the Botín family. Finally, in the Balearic Islands, both pre-war and post-war firms have succeeded in adapting to the dramatic transformation of the local economy led by tourism. The development of the Canary Islands is quite different.

Although our study is preliminary, it shows that historical firms present a high degree of geographical concentration (and thus potential for collective action), and a relative specialization in diversified labour intensive and low productive activities (see Table 3). They also show that the specific endowment of natural resources and human capital in each region seems to have been of the utmost importance. Table 1 provides valuable data regarding the key chronological periods when the currently successful large Spanish family firms were founded. Table 2 summarizes this chronological information to identify the key fertile periods during which today's large, successful historical Spanish family firms came into being. Table 2 shows that from the total 245 family firms, 82 firms were set up before the end of the Spanish Civil War (1936-39), and 163 firms after the end of the war. Table 2 indicates four sub-periods indicating the economic cycles which helped or hindered the birth of these enduring family firms: 37 family firms were established before the 20<sup>th</sup> century, 45 during the first third of the 20<sup>th</sup> century, 126 during Franco's dictatorship and 37 after 1975. The information is clearly biased in favour of Catalonia, the region with most data. Of a total of 84 large Catalan family firms, 15 were set up before the 20<sup>th</sup> century, 18 during the first third of the 20<sup>th</sup> century, 43 during Franco's regime, and 8 after 1975.

The conclusion regarding chronology from Tables 1 and 2 is clear: the decades of Franco's dictatorship witnessed the foundation of half of the largest historical family firms active in Spain today. However, an ear-

lier period, the first third of the 19<sup>th</sup> century and the first two decades of the 20<sup>th</sup> century, when more than a third of our firms were founded, was also a very fertile one for large, durable family firms. These data provide evidence to confirm our idea that today's successful Spanish family multinationals owe a good deal of their endurance to conditions linked not just to present-day strategies but to the accumulated inheritances of the past. The fact that these two particularly fertile periods for enduring family firms were rather protectionist and isolationist periods in Spain's economic history would suggest that, as has been the case in other industrialized economies of the world like the US, protection in a backward developing economy may help future growth and internationalization, at least for those firms able to combine this protective umbrella with internal organizational transformations. During the dictatorships of Primo de Rivera (1923-1929) and Franco (1939-1975), large industrial firms with the power to lobby the political authorities greatly benefited from laws which protected national industries and reserved the Spanish market for Spanish producers<sup>27</sup>. These firms were also able to grow because many of them were able to take advantage (later and with greater import difficulties than in other European economies) of the mass production/distribution techniques of the second industrial revolution<sup>28</sup>. They grew slowly compared with the Italian pocket multinationals of this period, due to great import difficulties, but many showed great dynamism on international markets before 1936 when they were forced by the autarky to grow in closer connection with their domestic market.

In Catalonia there were many examples of medium-sized family firms which internationalized between the late 19<sup>th</sup> century and the early 1930s in specialized regionally-embedded market niches like paper-making, alcoholic beverages, food production, and cork or book manufacturing. Latin America and France were the preferred destinations of this Spanish foreign presence, and some even tried the U.S.A. market. For instance, Pau Miquel i Costas opened his first distribution establishment in La Habana in 1880, Rafael Guastavino moved to New York and established the renowned «Guastavino Fireproof Construction Company» in the 1880s, the Mateu family opened the first subsidiary of their car factory Hispano Suiza in France in 1912, the Jorba family established the significant retail store Maison Jorba in Brussels in 1919, the Salvat family of publishers spread their exports throughout Latin America in the first decade of the 20<sup>th</sup> century, Daniel Carasso established the first French factory of the Catalan family firm Danone in

<sup>27</sup> García Delgado (1999).

<sup>28</sup> Nadal (2003).

Lavallois Pret in 1932 and agreements with foreign partners to transfer modern technology were signed by the Vilà family of textile industrialists with French partners in 1923. Perfume manufacturers like Myrurgia of the Monegal family used to hire French technicians to update their designs and marketing techniques in the 1920s. The cork producer Joan Miquel i Avellí managed to transform his «Manufacturas de Corcho» (founded in 1916) into the European leader of cork manufacturing in 1929. Whereas some of these and similar firms disappeared after the war, many others were acquired along with their brands and know-how by surviving firms, and others like Miquel i Costas have endured as remarkable family firms able to adapt flexibly to new times<sup>29</sup>.

The individual stories of many of the firms included in our sample for the year 2005 show indeed that they have become global actors thanks to the efforts and experiences accumulated in the two favourable periods mentioned above. During the first third of the 20<sup>th</sup> century some of today's European and multinational leaders in specialized branches of production had their roots in Spain: in the food industries Agrolimen and Calvo; in engineering and construction FCC and Acciona, in legal services Cuatrecasas, in tourism and travel Barceló and Iberostar, and in retail store distribution El Corte Inglés, to mention a few. Some of the most important large Spanish family firms appeared during the 1940s and, especially, during the 1950s: in engineering Ferrovial, Abengoa, Técnicas Reunidas, Talgo and Sener; in paper production SAICA; the Valencian ceramic and toy producers Lladró, Porcelanosa and Famosa; pork meat producer Campofrío, or mattress manufacturer Pikolin.

The next section focuses in more detail on some of the keys behind the historical process in which these firms took advantage of environmental and institutional factors, and how they survived the darkest times of autarky and backwardness. It was a long learning process in which knowledge transfer from abroad and good family team work played a crucial role, alongside a third important factor: specialization in market niches in which costs had been lower than in capital intensive firms, and in which public firms had no interest<sup>30</sup>.

<sup>29</sup> On Antoni Miquel i Costas see Gutiérrez (2006: 198). On Damià Mateu, Joan Jorba Rius, Pau Salvat i Espasa, Isaac Carasso, Joseph Vilà i Marqués, Joan Miquel i Avellí, and Esteve Monegal Prat see respectively studies by López Carrillo, Oliveras Samitier, Cabana, Aymerich, Moreno Castaño, Sala and Puig Raposo in Cabana (eds.) (2006: 264, 308, 331, 343-4, 349, 353 and 451).

<sup>30</sup> See Pascual Domènech and Fernández Pérez (eds.) (2007).

### 3. A LONG LEARNING PROCESS OF SURVIVAL AND ADAPTATION

#### 3.1. The 19<sup>th</sup> and early 20<sup>th</sup> century: a failed opportunity for some, time to grow for others

Between the mid 18<sup>th</sup> and early 20<sup>th</sup> centuries, the Spanish Empire collapsed and Spain became merely a peripheral European nation <sup>31</sup>. Spain's industrialization started in a few outlying regions and under the aegis of an increasingly protectionist framework that focused on agriculture and a few industrial sectors.

The state, however, did little to support education and thereby to invest in human capital before the 1930s. It also failed to design a rational plan of infrastructures aimed at unifying the domestic market <sup>32</sup>. In contrast, the state was extremely lax in fiscal and labour matters, so that the costs of private enterprise were kept low and the labour market remained highly flexible in Spain until the first third of the 20<sup>th</sup> century. In spite of the fact that the formation of human capital was not favoured, labour market flexibility helped to consolidate informal mechanisms of knowledge transfer between firms in industrial districts, as was happening in most of Europe, and this was the case in some Basque (metal industries), Valencian (the footwear industry) and Catalan (textile and metal industries) industrial districts during this century and during the good times of neutrality in the First World War <sup>33</sup>.

In the Catalan case, the modernization of the textile, food, metal, and chemical industries during the 19<sup>th</sup> and early 20<sup>th</sup> centuries was carried out to a large extent by a few prominent families. Bonaplata, Planas, Güell, López-Güell, Muntadas, Ferrer-Vidal, Serra-Bertrand, Batlló, Puig-Fabra, Marqués, Sedó, Rosés, Torras and Rivièrre, among others, can be mentioned <sup>34</sup>. Many of the firms that have survived and become large and international have their roots in precisely this region. This is the case of the wine makers Raventós-Codorniu, Ferrer-Freixenet, Torres, the pharmacists Uriach and Esteve, perfume manufacturer Puig, paper manufacturers Torras, publishers Godó and Salvat, metal manufacturers Roca, steel wire manufacturers Rivièrre (bought by Celsa in 1999), construction entrepreneurs Roviralta, and optical equipment manufacturers Cottet <sup>35</sup>.

<sup>31</sup> Prados de la Escosura (1991).

<sup>32</sup> On education see Núñez and Tortella (eds.) (1993). On infrastructures see Gómez Mendoza (1982).

<sup>33</sup> For several regions and sectors see Nadal and Catalan (eds.) (1994), and Nadal (dir.) (2003).

<sup>34</sup> Cabana (ed.) (2006). Also Puig (2006).

<sup>35</sup> Cabana (ed.) (2006).

Roca, a world leading sanitary equipment manufacturer, is a case in point<sup>36</sup>. The small iron workshop of Ignasi Soler, established in Manlleu in 1830, was transformed several times during the 19<sup>th</sup> century to adapt first to steam power and to provide auxiliary services to the textile industry and house appliances demand, and later, at the end of that century, to electric power and new urban demands. From repairing local horseshoes they were able to repair power looms and steam machines of the nearby villages, and then learnt to build iron radiators for the Spanish market. This transformation was unusual, as many ironworks disappeared in Spain in the industrialization period<sup>37</sup>. It was also difficult, because in comparison with other industrializing regions of peripheral Europe, like Italy or Sweden, the new equipment and raw materials were expensive, access to bank credit or new energy power was neither easy nor cheap in their region, and knowledge transfer from abroad was both scarce and difficult to obtain. The second and third generations of the Roca family of Manlleu learnt new techniques by travelling during their youth to Barcelona to serve apprenticeships in the best and most innovative metalmechanic manufacturing houses, many of them founded by foreigners like Casa Alexander or Talleres Pfeiffer. The Roca family saved and led an extremely austere life in order to reinvest profits and pay the costs of technological modernization. Their marriage strategies with other iron families of the nearby villages favoured the succession process and the continuation of the small workshop. At the beginning of the 20<sup>th</sup> century and just before the Great War some members of the fourth generation travelled to France and managed to find employment in the French subsidiary of the American Radiators Corporation (ARCo), the world leading manufacturer of iron and steel radiators and sanitary ceramic equipment. This contact abroad was fundamental for the future of the family firm: the fourth generation decided to close down their old production centre and start anew with the manufacturing of radiators for a Spanish market which was increasing its consumption of durable goods (due to the benefits derived from Spain's neutrality during the Great War and increased urbanization). There were not many competitors in Spain and this represented a great opportunity to create a new market niche. Team work was crucial: brothers Martí and Maties led the production after close imitation of the American products observed in France, while their sister Angela took care of the accounts and younger brother Josep Roca Soler attended advanced technical studies at two of the few innovative centres established in Spain in electronics and engineering: the Instituto Electrónico de Sarrià and the

<sup>36</sup> Luján (1992). Fernández Pérez (2006: 407-413).

<sup>37</sup> Fernández Pérez (2004).

Escuela de Ingenieros of Barcelona. The new generation was able to juxtapose their different abilities and skills for new purposes. Their differentiating strategy regarding Spanish competitors was to combine innovation with technical service and for this reason, in 1929, they established a cooperation agreement with the big US corporation from which they had learnt the new path of industrial activity: ARCo. This agreement meant sharing ownership (51 per cent for the US corporation), but led them to leadership in the Spanish radiator and sanitary ceramic equipment market for most of the 20<sup>th</sup> century. Today, they continue this strategy of cooperation abroad and are world leaders in their sector.

The great diversity of economic activity in Catalonia was not easily replicated in other regions where a few specialized market niches developed in strong connection with the endowment of natural and human resources<sup>38</sup>. Studies for the entrepreneurial provinces of Biscay and Guipúzcoa, in the Basque Country, have focused on the families which, over generations, have been involved in mining, shipbuilding, banking, electricity, and metal and mechanical industries: Ybarra, Chávarri, Echevarría, Olábarri, Lequerica, Aznar and others. The small family workshops that contributed so much to the emergence of industrial districts specialized in shotguns, bikes, and other special metal manufactures, in places such as Éibar, Placencia, Ermua or Elgóibar have also attracted the attention of business historians in recent years<sup>39</sup>. Family capitalism was also the engine of growth and secular specialization in the sectors of wine and canned vegetables in the neighbouring, dynamic regions of Rioja and Navarre (Trevijano, López de Heredia, Palacios, Chivite, and others). Yet agriculture was not the only source of business initiatives. Huarte in Navarre was a forerunner in one of today's most dynamic industries in Spain: construction. Some entrepreneurial families in the iron and steel-making industries which lasted more than a century appeared along the Cantabrian coast: Quijano in Santander, and Tartièrre and Duro in Asturias.

The use of the regional endowment of natural resources was common to all regions. It also played a role in Galicia where, from the late 19<sup>th</sup> century on, an expansive, internationally competitive salting industry emerged with the assistance of foreign technology, Catalan family networks and enterprising local families (Curbera, Alonso, Barreras, Massó, Portals, Godoy, Pereira and Calvo). Shipbuilding (Barreras) and banking (Pastor) were some of the spillovers of this sea-based industry<sup>40</sup>. The most durable and successful entrepreneurial families were also those

<sup>38</sup> A recent approach is García Ruiz and Manera (eds.) (2006).

<sup>39</sup> Valdaliso (1991 and 2006), Díaz Morlán (2002), Goñi (2007).

<sup>40</sup> Carmona Badia (coord.) (2006)

which went abroad and received foreign technological influences and those which at the same time gathered families, friends and neighbours to lead processes of change, as was the case of Quijano in Los Corrales de Buelna. Quijano was a lawyer with aristocratic origins and inherited wealth who travelled to France in the 1870s and started metal production in his agricultural region of Cantabria. He used capital from his family (mother-in-law, uncle, and close neighbouring friends), the political influence his brother had in Madrid (sharing an apartment with Prime Minister Maura) and the personal support of a Catholic priest who provided a reliable workforce from the agricultural villages of the region<sup>41</sup>.

In Valencia and Murcia a large number of historical family firms were created in a similar way on the eve of the Spanish Civil War<sup>42</sup>. Many of these firms operated in relatively new industries such as metallurgy (Devís), toy manufacturing (Payá), wood, cement (Valenciana-Serratos), ceramics (Nolla), chemical fertilizers and motion pictures (Cifesa-Casanova). The tradition of ceramics in Valencia and Barcelona was indeed a key part of the success of engineer Rafael Guastavino who built more than 400 hallmark buildings in New York and Boston with the firm he created in the US in the late 1880s and early years of the 20<sup>th</sup> century. This firm survived until the 1960s under the leadership of his son<sup>43</sup>. In Murcia, where a booming mining and metallurgical industry had positive effects on the business landscape in the 19<sup>th</sup> century, many families seized opportunities in auxiliary industries such as glass and ceramics (Valarino). It was, however, in the traditional sector of the food industry, also resource-based and less capital-intensive, where most family firms flourished since the mid century in Murcia: wine in the Jumilla region, canned vegetables (Moreno, Montesinos, Gómez-Tornero and Cobarro), and paprika (Albarracín-La Estrella and Flores-Muelas). The manufacture and commercialization of paprika became a booming sector with some 47 firms on the eve of the Great War. Largely dominated by family owned and managed businesses, this industry quickly responded to the increased demand for esparto sacks (in which paprika was usually transported).

In Andalusia the main economic activities were related with mining and agriculture. The best known and most durable Spanish entrepreneurial families focused on land and property and wholesale and international trade, whereas those dealing with mining, metal, textiles and

<sup>41</sup> Fernández Pérez (2005).

<sup>42</sup> This regional overview is based on the excellent work of J. Vidal Olivares on Valencia and J. M. Martínez Carrión on Murcia in García Ruiz and Manera (dirs.) (2006).

<sup>43</sup> Guastavino registered 24 patents in the US. Tarragó (ed.) (2002).



food, including some famous names (Larios, Málaga wine exporters, Carbonell) were rather exceptional. In Western Andalusia, particularly in Cádiz, the end of the colonial monopoly led many tradesmen to reshape their activities. The production and commercialization of sherry in the Jerez-Puerto de Santa María-Sanlúcar de Barrameda triangle was the main occupation of enterprising dynasties of foreign origins such as the González (of González & Byass), Terry and Osborne<sup>44</sup>.

Family entrepreneurship was also remarkable in the islands<sup>45</sup>. The Fluxà family, in Majorca, constitutes one of the most interesting cases of adaptation, diversification and survival; from footwear to tourism. In the Canary Islands, where much of the pre-war entrepreneurship involved agricultural exports (tomatoes, bananas, tobacco, salted fish or the salting industry), foreign investors were far more active than local businesspeople.

Old Castile family firms were much more inward-looking in a region where the economic basis was extensive agriculture (wheat and flour). Neither this situation nor the prevalent equalitarian inheritance practices favoured the continuity of family firms. By the end of the 19<sup>th</sup> century, however, many entrepreneurial families innovated and diversified in fields as diverse as winemaking (Calderón, Roiz and Lecanda-Vega Sicilia), metallurgy (Talleres del Duero and Talleres del Tormes), and chemicals (Mirat). South of Madrid, in the New Castile region, family firms focused on agriculture (Gonsálvez and Pastor), knives (La Industria and Sánchez, López), and footwear (Coloma). Interestingly, much of the local wine and oil industry was promoted by Catalan and Basque individuals and families. Spanish migration was also a key to the development of family capitalism in Madrid. Particularly successful were the firms involved in the manufacture and trade of luxury goods, banking (Urquijo), publishing (Rivadeneyra and Urgoiti), and consumer goods such as chocolate (Matías López), beer (Mahou and El Águila), and soap (Gal and Floralia)<sup>46</sup>.

The neutrality of the First World War years plus the protectionist industrial policies of the 1920s together with the effects of technology transfer (such as declining prices) during the first decades of the 20<sup>th</sup> century, opened new market niches like yoghurt production (the Carasso family who established the first Danone firm in Barcelona), reduced the number of small domestic competitors and fostered association with other regional producers (see the case of Quijano in metal

<sup>44</sup> Fernández Pérez (1999).

<sup>45</sup> García Ruiz and Manera (dirs.) (2006).

<sup>46</sup> We have drawn extensively on the work of J. Moreno and J. L. García Ruiz on Castile and Madrid in García Ruiz and Manera (dirs.) (2006) in this paragraph.

production in Cantabria). In a few cases the process provided a stimulus to go international (Salvat and Miquel Avellí in publishing or cork production provide examples).

The military upheaval of 1936 and the defeat of the legal Republican government in 1939 stopped technological progress and internationalization until at least the early 1950s. In compensation, those firms able to survive benefited from the new rules established in taxation, the labour market, finance, and reduction of foreign competitors: the domestic market was reserved for the largest Spanish producers.

### 3.2. The adaptation of family firms to an isolationist economy

With Franco's policies, the survival of many firms would be conditioned not so much by ideology as by their size and ability to cope with the interventionist, arbitrary, and corrupt practices of the new authorities. Whether family owned or not, firms had to devote great efforts to access raw materials, import licences and privileged information<sup>47</sup>. Bribing and smuggling became epidemic.

Three different paths of growth opened up for family firms in Spain. Firstly, those family firms able to provide auxiliary products and services to the new public holding, the INI (Instituto Nacional de Industria, created in 1941) had an opportunity to develop. A second path of growth was followed by those family firms able to lobby in Madrid to buy foreign firms or foreign-controlled shares of their firms at low prices. Usually both paths of growth were open to family firms of medium or large size before the war, who had good networking skills enabling them to connect with the new military authorities. A third path of growth was taken by more modest entrepreneurs who founded new family firms in sectors with relatively low entrance costs and low import requirements.

Two examples of firms which took the first path were Quijano in the region of Cantabria, and Rivière in Catalonia, both founded in the last third of the nineteenth century. Quijano, a pioneer of iron and steel wire manufactures, created in 1873, progressively reduced traditional production and invested in the manufacturing of auxiliary metal products and motors for the automobile industry. The change was made after the death of the founder and with professional engineers as the new production managers. In 1950, Quijano's new CEO, Alfonso Alvarez Miranda, was appointed and technological transformation accelerated<sup>48</sup>.

<sup>47</sup> Catalan (1995 and 2003).

<sup>48</sup> Quijano (1998: 51-55). Archivo de Trefilerías Quijano in Los Corrales de Buelna: «Dossier de prensa sobre la empresa».

Rivière, also a steel wire producer, introduced the production of special springs for car seats for SEAT and special security fences for the U.S.A. military bases set up in Spain in the 1950s. Rivière introduced Bedaux scientific production methods in these years to adapt to the new demand<sup>49</sup>.

Roca Radiadores provides an example of the second path of growth of family firms in this period, that of nationalization of foreign shares of the firm. The Catalan firm Talleres Roca, S. A., manufacturer of metal radiators, had signed a partnership with the U.S.A. firm American Radiator Company (ARCo.) in 1929 and created Roca Radiadores, S. A., ARCo. holding 51 per cent of the shares and key control of the management in the hands of U.S.A. managers. The three Roca Soler brothers maintained managerial responsibilities in the factory (Matíes and Martí) and on the administrative board (Josep). After the war, the law of 24th November 1939 prohibited foreign investors from owning more than 25 per cent of the total capital of Spanish firms and the Instituto Español de Moneda Extranjera was created to restrict the use of foreign currency and avoid economic collapse after the war. Thus, ARCo. was forced to reduce its ownership in the firm and finally sold everything to the minority Spanish partners<sup>50</sup>.

Not many family firms able to survive the war and start again in the isolationist times of the 1940s had the money or the political influence that the above-mentioned family firms enjoyed to get special bank loans and import permits and invest to obtain successful results in a poor, though protected, domestic market. The most common path of growth for family firms in these years was probably the third one, based on specialization in market niches in which state permits or foreign imports were not strategically needed, particularly in the consumer goods industries or light construction materials. This specialization was cheaper and easier as a business strategy in the 1940s, in the face of import difficulties and with a good endowment with natural resources and human capital specialized in these sectors. Great efforts and team work were, however, required to adapt to the new market situation. Spanish foreign trade declined until the 1950s and salaries were low. Infrastructures did not improve much despite the need for

<sup>49</sup> Bedaux systems through the consultant firm Gombert. Archivo Moreda Rivière Tréfilerías in Cerdanyola del Vallés: «Organización de la empresa Rivière». Also Fernández Pérez (2004).

<sup>50</sup> This provoked a lively debate in the North American Division of Monetary Affairs and the U.S.A. Treasury, according to documents of the National Archives and Records Administration, Record Group 56, Records relative to Spain, Box 24 «10/5/1944 Proposed sale of subsidiary of American Radiator and Standard Sanitary Corp. to Roca-Soler Family». This reference was generously provided by Adoración Alvaro. See also Luján (1992: 181-185).

roads and railways to connect the country. Many small workshops had to stop production due to shortages of power and raw materials <sup>51</sup>. Family firms able to manufacture and sell imaginative cheap food, small metallic pieces and machinery or cheap (and chaste) publications to feed the imagination in these conditions were able to blossom. In 1937 Lluís Carulla started manufacturing his Gallina Blanca concentrated soup cubes, introduced into Spain by the Swiss firm Maggi, and made technology transfer from abroad to improve the product using radio, and later also TV, advertisements to reach the fragmented and badly connected Spanish consumers <sup>52</sup>. Another example of this third type of family firm was Alfonso Soláns Serrano with his Saragossa workshop manufacturing metal frames for beds (Pikolin) in 1948 <sup>53</sup>. Or Andreu Costafreda Montoliu, a baker working on his own since 1928, who suffered the loss of his business after the war and realized that this sector of small and medium family firms could only grow through collective action. He created Compañía Auxiliar de Panificación, S. A., in 1945, in order to represent and legally defend Barcelona's bakers and provide them with social protection. His entrepreneurial attitude led him to found Panrico, one of the largest family firms in the second half of the 20<sup>th</sup> century in industrial baking in Spain, which was sold to a British financial group in 2006 <sup>54</sup>. Another good example is Planeta, one of the ten most important publishing corporations in the world. José Manuel Lara, from Seville, established the firm in Barcelona after the Civil War, bought the small publishing firm Editorial Tartessos in 1944 and started the publication of best sellers written by American and Spanish authors, beginning in 1952 what would become one of the most important marketing tools of the Spanish-speaking publishing world, the Planeta novel prize <sup>55</sup>. Mier, a firm founded by the two Asturian brothers Pedro and Ramón Mier Allende as a radio shop (Radio Lyra) in Barcelona in the late 1940s is another example. The firm performed radio repairs and during the 1950s and 1960s slowly developed innovative car antennas bought by foreign multinationals and auxiliary products for radio and TV. During the 1960s and 1970s the excellent relationships of the Mier brothers with foreign world leaders in telecommunications (Philips and Fuba), their promotion of associations in their sector and their stable links with Catalan technical universities helped them become one of the few Spanish family firms providing auxiliary products for the European Airspace Agency

<sup>51</sup> Fernández Pérez (2007).

<sup>52</sup> Cabana (2006: 515-516).

<sup>53</sup> Fernández Pérez (2007).

<sup>54</sup> The Brand Council (2002: 38).

<sup>55</sup> Prieto (2006: 589-590).

(ESA) in 1985<sup>56</sup>. José María Ballvé, a final example, created Conservera Campofrío in the city of Burgos in 1952. The firm specialized in meat manufacturing and from the outset made great efforts to improve its commercialization channels. From the traditional sales representative of the 19<sup>th</sup> century, the firm invested in their own sales agencies in the major provincial cities and in trucks of their own<sup>57</sup>.

Consumer goods industries or light construction equipment did not compete directly either with state owned firms or with (forbidden) foreign firms, did not depend as much as capital goods industries did on imported inputs and technology, and met a fast growing, domestic and mainly urban demand. This was to be the very basis of the competitive advantage of Spanish family firms during the second half of the 20<sup>th</sup> century and to the present day. After the 1950s and during the 1960s they flourished in construction, printing and publishing, food and beverages, soap and perfumery, and light metallurgy. Those firms which either established enduring relationships with foreign partners or ventured into foreign markets in spite of the prevailing adverse circumstances, became leaders at home. Such cases, in the 1960s and early 1970s, are the food manufacturing firms Panrico (the Costafreda family), Campofrío (the Ballvé family), Calvo (the Calvo family), and Gallina Blanca (the Carulla family), and the continuous efforts in this direction of 19<sup>th</sup> century internationalized family firms in the beverage industry such as Freixenet (the Ferrer family), González & Byass and Osborne. The efforts made to build brands and internationalize were also remarkable in the perfume (the Puig family) and pharmaceutical (the Esteve family) industries in Catalonia<sup>58</sup>.

Growth needed new strategies and structures as in managerial corporations. Organizational routines, lay-outs and new distribution channels started to appear and adapt to the new realities of increased complexities in production and distribution. However, increases in levels of management professionalism took place slowly in comparison with managerial corporations and with a strong component of family individuals. In the most capital intensive family firms this process could lead to conflicts with shop-floor employees and with non-family managers<sup>59</sup>. New organizational routines were often the result of technology transfer from abroad which was increasingly possible after 1959 through partnerships with foreign firms. This strategy allowed growing family firms to modernize lay-outs without losing ownership and control. This began

<sup>56</sup> Mier (2002).

<sup>57</sup> The Brand Council (2002: 26).

<sup>58</sup> A short overview of the first generations of these family firms in Catalonia is included in the edited volume of Cabana (ed.) (2006).

<sup>59</sup> Guillén (2005), Fernández Pérez (2004).

to happen in the 1960s, for instance, in Agrolimen with the American Purina in the food industry, Rivièr, S. A., with Belgian firm Bekaert in steel wire manufacturing, Mier Comunicaciones with German firm Fuba, and many others in the chemical and engineering sectors. Depending on each case, these agreements provided improvements in technology, marketing and management. Another strategy to get professional managers among the family members of big family firms in the 1950s and 1960s was the promotion of private business schools (ESADE and IESE were created in Barcelona in 1958). More rarely in these years, senior family managers sent younger offspring to receive advanced technical and professional training abroad, though when this happened it helped technology transfer as was the case in Rivièr or Celsa.

At regional level, through the 1950s, 1960s and 1970s, Catalonia remained a home to many of the most outward-looking family firms of the time. Some of the already mentioned firms performed well during the early phase of the dictatorship: Freixenet, Codorniu, Roca, Rivièr, Torras, Ribera and Myrurgia. Others carried out successful transformations: Uriach, Esteve, Andreu, Puig, Torras and Roca. Others built their firms from scratch: Planeta, Carulla, Ferrer, Almirall, Pujol-Ficosa and Rubiralta-Celsa. Many used US adapted techniques of productivity gains from textbooks or Spanish engineers trained abroad who worked in the public and private sector<sup>60</sup>.

In the Basque Country, the increasing demand for intermediate and capital goods since the 1950s has paved the way for many new private initiatives such as Luzuriaga, Aristrain and Ucin, while it has provided old firms such as Echevarría with new opportunities to expand. There are several examples of old and new firms specializing in services, the most interesting probably being Sener, a leading international engineering firm founded by the Sendagorta family in 1956<sup>61</sup>. Basque family capitalism also kept growing in the food industry: Koipe, Savin, Garavilla, Knörr, Elgorriaga and Artiach. In Galicia, a major change in the local family capitalism, firmly based on canned fish, was the so-called dairy-drive and the frozen fish-drive. It was in the second half of the last century that some canned fish firms became vertically integrated groups like the family firm Calvo, while other families ventured into the promising field of frozen fish by creating vertically integrated groups like Fernández Sousa with Pescanova, or into the dairy industry<sup>62</sup>. Brilliant as it is, this development has been overshadowed by the more

<sup>60</sup> Carmelo María Cabré Rabadá served in these years as consultant of scientific methods of production for many Catalan family firms and has a vast archive of firm records of these years in Barcelona.

<sup>61</sup> Gándara (2006).

<sup>62</sup> Carmona Badia (coord.) (2006).

recent yet astounding rise of the local fashion industry, whose flagship is Inditex (Zara and other brands), of the Ortega family whose second generation is about to take over.

In Valencia, local family firms focused on agro business and consumer goods (footwear, clothing, leather, furniture, cork, toys, and ice-cream). The main reason was that knowledge and expertise had accumulated over generations in these industries and they were very much in need of the implementation of advanced technologies. Family capitalism, however, also diversified by entering the paper and cement industries and retailing/distribution later on. The fast growth of the Valencian economy during the second half of the past century explains, for instance, the development of Mercadona, Spain's leading supermarket chain, founded by Francisco Roig in the 1970s out of his family's meat business. The older and more conspicuous Serratosa family, founder of Valenciana de Cementos, exemplifies the flexibility of Valencia family capitalism. Serratosa entered the aviation business in the 1990s, seizing the twofold opportunity of liberalization in the sector and the astounding development of the local tourism industry. Their airline, Air Nostrum, has been operating as a franchise of Iberia since 1999.

In Murcia, many family firms specialized in canned vegetables and fruit while paprika underwent a severe crisis mainly due to the policy of self-sufficiency which made it impossible to compete on the international market. In the late 1950s, the situation started to look up for the traditional local industries. As in most of Spain, here the engines of growth were the expansion of the domestic market and the increasing integration of the Spanish economy into today's European Union. In the 1970s, big family firms such as García-Carrión and Roque-García-Martínez already existed.

In spite of the dramatic growth of tourism in the Spanish islands in general, it was above all in the Balearic Islands, not the Canary Islands, where indigenous family capitalism became prominent. In the decades following the civil war there was a substantial transfer of human and financial capital from the traditional industries (textiles and footwear) to Spain's principal industry, tourism. The Fluxà shoemaking family remains a case in point. Their diversification started as early as 1950 with the founding of Viajes Iberia (now Iberojet, one of the big names in the Spanish tourism business). The two other big names are Barceló and Escarrer.

In Castile a very interesting restructuring process has taken place since the mid 20<sup>th</sup> century. On the one side, the wool textile industry around Béjar, in the Salamanca province, developed notably thanks to increased investment from its Catalan partners. On the other, as the traditional wheat flour industry declined, new family firms appeared in the

related fields of biscuits, pasta, pork meat, oil, chocolate, and dairy products. The evolution of those firms (Fontaneda, Gullón, Loste, Revilla, Campofrío, Martínez, Dulciora, Trapa, Pascual and Elosúa) based first in the local, then in the national and more recently in the international market. Their adaptation to the liberalization of the Spanish economy has not been easy due to competition from multinational groups and traumatic succession processes: Fontaneda and Loste were sold to Nabisco; Siro to Danone; Dyc to Osborne; Dulciora to Cadbury; Revilla to Unilever and then to Campofrío. Surviving firms have successfully managed succession processes, creating vertically integrated groups (Pascual, Gullón and Campofrío), and eventually buying local firms from foreign multinational groups (Fontaneda and Revilla). In New Castile, south of Madrid, family firms faced the irreversible decline of some industries (such as Albacete knives) and the development of food and beverage industries such as Valdepeñas winemakers and cheese makers García Baquero and Forlasa.

#### 4. CONCLUSIONS

Family firms performed very dynamically during the golden age of the managerial corporation. Spain is a strong case in support of this argument. Today, half of the largest Spanish multinationals are family-owned, half of the largest Spanish firms are family firms and almost 25 per cent of these large family firms are not the result of recent integration processes in the world markets, but heirs of a long tradition of survival and adaptation.

Like other large family firms around the world, they are highly specialized in market niches where they have built long term intangible assets like reputation, brands, and negotiation skills, especially in food and beverages, construction, engineering, chemicals and pharmaceuticals, light metal industries, ceramics and fashion.

Our research reveals that most of them were established before the golden age of capitalism and that the most fertile periods for the creation of enduring family firms were the first third of the 20<sup>th</sup> century and the first two decades of Franco's military dictatorship, two highly protectionist and isolationist periods of Spain's economic history.

Among the key factors that explain this chronology we have stressed the protectionist umbrella of the two dictatorships, and the exceptional availability of markets for large Spanish firms —international markets during World War I and the domestic market during the 1940s and 1950s—. The state indirectly benefited large family firms by providing general labour and fiscal advantages and not considering certain sectors



strategic. The examples of car producers Hispano-Suiza (the Mateu family) and Elizalde (the Elizalde family) reveal how difficult survival could be in industries which were so attractive for the military authorities<sup>63</sup>. On the other hand, knowledge transfer was often possible because of the existence of a tradition of personal relationships with family firms from other countries which preceded the civil war. Last but not least in significance among the external factors affecting survival and endurance, was regional endowment with natural and/or human resources which provided fertile ideas and resources (as the examples of Freixenet or Codorniu reveal)<sup>64</sup>. One should not underestimate the flexibly innovative character of family firms (capable of sacrificing their share of yearly profits for the long term survival of the family, as in the cases of Carasso and Roca), team work within the family as in the case of the Puig family of perfume manufacturers, and a common set of identity and interests with the different employees of the firm as the paper-makers Miquel i Costas demonstrated.

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## APPENDIX

**TABLE 1**  
THE 245 LARGEST HISTORICAL FAMILY FIRMS AND GROUPS  
IN SPAIN, 2005

Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
CATALONIA (84 FIRMS)					
FCC	Koplowitz	1900/1992	Construction	7,090	67,562
<b>Celsa</b>	Rubiralta	1967	Metal	2,757	5,753
Caprabo	Carbó	1959	Retailing	2,300	19,100
Roca	Roca	1880/1929	Construction (Sanitary equipment)	1,669	16,000
<b>Catalana Occidente</b>	Serra	1864	Insurance	1,502	2,824
Cirsa	Lao	1968	Gambling	1,155	11,000
<b>Cobega</b>	Daurella	1951	F&B	1,125	1,411
<b>Puig</b>	Puig	1914	Perfume	962	5,250
<b>Almirall</b>	Gallardo	1944	Pharma	962	3,200
<b>Planeta</b>	Lara	1949	Communication	960	4,725
Miquel Alimentació	Miquel	1925	F&B	836	3,700
Ficosa	Pujol, Tarragó	1976	Motor	824	6,550
Esteve	Esteve	1929	Pharma	818	2,469
Panrico	Costafreda	1960s (sold 2006)	F&B	731	8,284
Damm	Coll	1876/1910	F&B	656	1,785
Condis	Condal	1961	F&B	652	4,650
Arbora Holding	Carulla	1978	Chemicals	650	125
Comsa	Miarnau	1934	Construction	642	1,030
Copisa	Cornadó	1961	Construction	637	627
<b>Molins</b>	Molins	1929	Construction (concrete)	594	2,485
Borges	Pont	1896	F&B	540	1,082
Grífols	Grífols	1940	Pharma	524	3,443
Colomer	Colomer	1924/2000	Perfume	486	2,310
<b>Uniland</b>	Rumeu, Fradera	1896/1901/1973	Construction (concrete)	472	1,01
Tarradellas	Tarradellas	1983	F&B	424	950
Emte	Sumarroca	1961	Construction	400	2,020
<b>Freixenet</b>	Ferrer-Bonet	1861	F&B	379	1,323

Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
<b>Nutrexpa</b>	Ferrero	1940	F&B	327	1,333
Bon Preu Sau	Font	1974	Retailing	315	1,918
<b>Godó</b>	Godó	1881	Communication	311	1,500
Editorial Prensa Ibérica	Moll	1872	Communication	309	
Mecalux	Carrillo	1969	Construction (logistics)	292	2,170
Ferrer	Ferrer-Salat	1947	Pharma	274	1,174
<b>Agrolimen</b>	Carulla	1937	F&B	261	520
Chupa Chups	Bernat	1958 (sold 2005)	F&B	260	1,170
Gallo	Espona	1946	F&B	226	436
Vall Companys	Vall Companys	1967	F&B	221	89
Ros Roca	Roca	1953	Engineering	218	11
Codorniu	Raventós	1872/1926	F&B	198	1,006
Soler y Palau	Soler Palau	1951	Engineering	190	515
Grupo de Estampación Sabadell	Bonet	1965	Engineering	186	1,165
Habitat	Figueras	1953	Real estate	180	156
Torres	Torres	1870	F&B	176	800
Frigicoll	Coll	1967	Retailing	175	323
Hesperia	Castro	1971	Tourism	171	3,300
Alimentaria de Guissona	Alsina	1959	F&B	168	174
Superficies de Alimentación	Sorli	1979	Retailing	165	1,130
HUSA	Gaspart	1930	Tourism	162	2,800
Lacer	Andress	1949	Pharma	160	600
Lípidos Santiga	Soler	1968	Textiles	159	106
Miquel y Costas	Miquel	1725	Paper	157	913
Uriach	Uriach	1838	Pharma	153	753
Simón	Simón	1916	Electrical equipment	145	930
Indo	Cottet y Colomer	1902/1937/8	Optics	144	1,722
Corporación Age	Boada, Gummà, Masferrer	1981	Construction	143	1,025
Colomer Munmany	Colomer	1792	Leather	140	913

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Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
Aceros Bergara	Boixareu	1945	Metal	132	102
Titán	Folch	1917	Chemicals	137	624
Synthesia Española	Zuloaga	1964	Chemicals	127	203
Vichy Catalán	Renat, Casa, Murla, Montalat, Luansí	1901	F&B	122	725
Campí y Jové	Campí y Jové	1923	Chemicals	120	82
Basi	Basi	1948	Fashion	111	415
Noel	Bosch	1940	F&B	109	449
Cuatrecasas	Cuatrecasas	1926	Legal services	106	350
Pronovias	Palatchi	1922/1968	Textiles	103	23
Ausa	Perramón	1956	Machine Manufacturing	98	353
Comexi	Cifra	1954	Machine Manufacturing	85	252
Abressa	Dude	1971	Construction (concrete)	85	40
España	España	1947	F&B	79	459
Goma Camps	Goma Camps	1941	Paper	77	275
Sacresa	Sanahuja	1960s	Real estate	75	69
Sedatex	Pich	1886-1940	Textiles	75	160
Colortex	Taberner	1967	Textiles	75	686
Lamigraf	Colomer e Ibáñez	1975	Paper	70	205
Casademont	Casademont	1960s	F&B	69	485
Prefabricados Prensados	Pujol	1979	Construction (concrete)	68	78
Alier	Alier	1934	Paper	68	259
Murtra	Murtra	1897-1922	Textiles	67	316
Palex	Knuth	1955	Chemicals	65	126
Inoxcrom	Vaqué	1964	Paper	61	581
Galerías Tarragona	Tarragona	1965	Furniture	55	374
AC Marca	Marca	1922/1999	Chemicals	52	254
Chocovic	Rius	1977 (1872 Arumí)	F&B	45	120
Kettal	Alorda	1964	Furniture	40	500

Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
MADRID (35 FIRMS)					
El Corte Inglés	Álvarez, Koplowitz	1935/1940	Retailing	15,022	87,610
<b>Acciona</b>	Entrecanales	1931/1978/1997	Construction	4,852	21,846
Corporación Gestamp	Riberas	1989	Motor	2,395	10,439
Ebro Puleva	Hernández	(1911/1998)	F&B	2,359	8,118
Sevelar	Larrinaga	1964	Distribution	1,944	11
Bergé y Cia	Bergé y Gorbeña	1960	Motor	1,722	2,500
<b>Prisa (Timón)</b>	Polanco	1958 (Santillana) 1972 (Prisa)	Communication	1,425	9,114
Gonvarri Industrial	Riberas	1958	Metal	1,408	2,013
<b>Prosegur</b>	Gut	1976	Security	1,387	70,838
Grupo Villar Mir	Villar Mir	1987	Construction	1,374	6,688
Grupo SOS	Salazar	1965	F&B	1,254	2,966
Recreativos Franco	Franco	1975	Slot machines manufacturing	1,106	7,450
Cortefiel	Hinojosa (sold 2005)	1951	Textiles	975	8,965
<b>Eulen</b>	Álvarez	1962/1978	Services	877	58,733
Mahou	Mahon	1889	F&B	800	2,109
<b>Vocento</b>	Luca de Tena, Ybarra	1891/1903/1909 (Prensa Española) 1910/2001 (Grupo Correo/Vocento)	Communication	794	3,813
<b>Ferrovial</b>	Del Pino	1952/1927	Construction	760	3,500
Técnicas Reunidas	Lladó	1959	Engineering	685	2,336
Nueva Rumasa	Ruiz Mateos	2000s	F&B	600	16,000
Grupo Zeta	Asensio	1976	Communication	451	2,342
Reyal	Santamaría	1970	Construction	410	550
Grupo Sigla	Arango	1965	Restaurants	340	5,108
Patentes TALGO	Oriol	1942	Transports	299	1,844
Europa & C. Cartones de Castilla	Isidro	1890	Paper	284	1,081



BONSAIS IN A WILD FOREST? A HISTORICAL INTERPRETATION OF THE LONGEVITY...

Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
Flex	Beteré	1912/1925/1956	Bed equipment	182	1,500
Aceites Toledo	Rubio	1965	F&B	140	62
Grupo Arturo Cantoblanco	Fernández	1898	Services	130	2,500
Hola	Sánchez Junco	1944	Communication	123	140
Laboratorios Indas	Arochena (sold 2007)	1950	Chemicals	120	405
Grupo Radisa	Díaz	1860	Construction	84	353
Zeltia	Fernández Sousa	1939/1991	Pharma	82	619
Viajes Catai	Torres	1980	Tourism	65	63
Grupo Einsa	Martínez	1975	Communication	62	518
Electrónica Olfer	Gimeno and García	1975	Retailing	55	20
VALENCIA (28 FIRMS)					
Mercadona	Roig	1977	Retailing	10,338	53,600
Nefinsa	Serratos	1993 (previously Valenciana de Cementos 1917)	Diversified holding	621	1,777
Ros Casares	Ros	1950s	Steel	612	655
Compañía Levantina de Bebidas Gaseosas	Gómez Trenos, Serratos	1954	F&B	469	706
Grupo Guzmán	Guzmán	1939	Metal	195	162
Pavasal	Quesada	1956	Construction	194	730
Marina d'Or-Loger	Flia y Ger	1983	Tourism and real estate	182	1,189
<b>Porcelanosa</b>	Soriano	1956/1963/1973	Construction (ceramics)	174	1,050
Andrés Faus	Faus	1953	Construction	158	345
Dulcesol	Juan	1950s	F&B	156	1,541
Famosa	Rico, Molina, Sempere	1957	Toys	130	450
Serra Soldadura	Serra	1972	Machine manufacturing	126	735
Ballesmar	Ballester	1949	Construction	125	164
Taulell	Gómez	1967	Construction (ceramics)	124	800
Juan Fornés Fornés	Fornés	1984	F&B	118	1,350
Sáez Merino	Sáez Merino	1952	Textiles	117	1,788

Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
Durá Navarro	Durá	1970s	Construction	112	20
<b>Keraben</b>	Benavent	1975	Construction (ceramics)	106	600
Ecisa	Peláez	1968	Construction	104	287
Gallego y Vilar	Gallego	1964	Retailing	93	233
Grefusa	Gregori	1980	F&B	93	664
<b>Lladró</b>	Lladró	1954	Construction (ceramics)	82	1,000
Fontesad	Fontesad	1984	F&B	81	927
Rafael Hinojosa	Hinojosa	1972	Paper	72	310
Hiperber	Bernabeu	1970	Retailing	67	400
Fertilizantes e insecticidas	Serrano	1979	Chemicals	62	46
Chocolates Valor	López	1881/1973	F&B	49	266
Diario Las Provincias. Editorial Federico Domenech	Domenech	1866	Communication	40	199
ANDALUCÍA (22 FIRMS)					
Abengoa	Benjumea	1941	Engineering	3,405	11,082
Grupo Sánchez Ramade	Sánchez-Ramade	1970s	Various	743	2,822
Grupo Pra	Romero	1961	Real estate	550	530
<b>Grupo Noga</b>	Osuna	1962	Real estate	330	260
<b>Osborne (Distribuidora y Bodegas)</b>	Osborne	1772	F&B	319	407
Grupo Amasua	Suárez	1966	F&B	292	1,081
Mariscos Rodríguez	Rodríguez	1971	F&B	246	346
AZVI-Contreras Graciani	Contreras	1925	Construction	246	775
Consentino	Martínez Consentino	1979	Minerals	241	1,380
Grupo Manuel Barea	Barea	1983	Retailing	222	210
Persan	Moya	1941	Chemicals	221	451
Grupo González Cabello	González Cabello	1977	Retailing	209	224
Grupo Ybarra	Ybarra	1842	F&B	180	230

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Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
Alimentación Peninsular	Padilla	1976	F&B	172	410
Distribuidora Mariscos Rodríguez	Rodríguez	1982	Retailing	160	150
Grupo Industrial Iturri	Iturri	1947	Textiles	150	887
GP Manufacturas de Acero	Bueno	1973	Metal	130	77
Ángel Camacho	Camacho	1897	F&B	107	557
González Byass	González	1835	F&B	101	350
Hierros Serrano Gámez	Serrano	1972	Metal	77	240
Grupo Luis Caballero	Caballero	1830	F&B	67	201
Grupo Joly	Joly	1867	Communication	64	40
Almacenes Costasol	González	1979	Retailing	56	100
GALICIA (13 FIRMS)					
Banco Pastor	Barrié de la Maza-Arias	1925	Banking	124,603 (net profits)	4,035
Pescanova	Fdez. Sousa	1960	F&B	999	3,399
Calvo	Calvo	1908	F&B	330	3,000
Jealsa Rianxeira	Alonso	1958	F&B	314	3,060
ACTEMSA	Escurreis	1987	F&B	110	60
Dielectro Industrial	Lostale	1951	Retailing	108	375
Maderas Iglesias	Iglesias	1985	Construction	105	580
Eduardo Vieira	Vieira	1953	F&B	105	2,600
Hijos de Rivera (Cerveza Estrella)	Rivera	1906	F&B	100	265
FINSA Financiera Maderera	García	1931	Construction	94	254
Albo	Albo	1869	F&B	73	387
Grupo Cuevas	Cuevas	1978	F&B	72	398
Freire Hermanos	Freire	1943	Retailing	72	83

Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
BALEARES (11 FIRMS)					
<b>Banca March/ Corporación Financiera Alba</b>	March	1926	Banking	298,396 (net profits)	1,377
<b>Iberostar</b>	Fluxá	1930	Tourism	2,783	18,400
Globalia Corporación (Viajes Halcón, Air Europa)	Hidalgo	1971	Tourism	2,598	8,001
Sol Meliá	Escarrer	1956/1987	Tourism	1,165	11,357
<b>Barceló</b>	Barceló	1931/1960	Tourism	1,004	16,065
Riu	Riu	1953	Tourism	900	16,000
Coflusa/Camper	Fluxá	1981	Footwear	135	217
Vibrados y Pretensados Manacor	Brunet + Mascaró	1968	Construction (concrete)	88	28
Distribuidora Rotger	Rotger	1974	Retailing	87	436
Viajes Sidetours	Quetglas	1975	Tourism	61	90
Hoteles Fiesta	Matutes	1960s	Tourism	42	568
ARAGÓN (11 FIRMS)					
SA Minera Catalana-Aragonesa SAMCA	Luengo	1919	Mining	751	5,250
<b>SA Industrias Celulosa Aragón SAICA</b>	Balet	1943	Paper	441	587
Álvarez Beltrán	Álvarez	1979	Logistics	211	757
<b>Pikolín</b>	Solans	1948	Bed equipment	182	1,393
Transportes Ochoa TOSA	Ochoa	1930s	Logistics	141	1,117
Lecitrailer	Reciñera	1990	Logistics	116	226
Heraldo de Aragón	Yarza	1909	Communication	91	465
Agreda Automóvil	Calvo	1927	Motor	82	5,260
Transportes Carreras	Carreras	1930s-1968	Logistics	68	685
Celulosa Fabril CEFA	Blanchard	1946	Paper	66	245

BONSAIS IN A WILD FOREST? A HISTORICAL INTERPRETATION OF THE LONGEVITY...

Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
Lacasa	Lacasa	1852	F&B	42	127
BASQUE COUNTRY (9 FIRMS)					
Vidrala	Delclaux	1965	Glass	297	1,114
Conservas Garavilla	Garavilla	1887	F&B	210	560
Cegasa	Celaya	1934	Electrical equipment	200	1,000
Corp. Patricio Echeverría	Echeverría	1908	Machine Manufacturing	187	1,887
Sener	Sendagorta	1956	Engineering	151	918
Erhardt	Erhardt	1882	Logistics	127	652
Minersa	Lipperheide	1925/1942	Minerals	125	167
Marqués de Riscal	Hurtado de Amézaga	1858	F&B	48	180
Ramón Vizcaíno	Vizcaíno	1932	Freezing	46	395
CASTILLA-LEÓN (7 FIRMS)					
Antolín	Antolín	1959/1985	Motor	1,780	9,910
<b>Leche Pascual</b>	Pascual	1969	F&B	992	4,300
Campofrío	Ballvé	1952	F&B	911	2,500
<b>Siro</b>	González Serna	1966	F&B	136	945
Helios	Pérez	1900s/1936	F&B	99	210
Gullón	Gullón	1892	F&B	92	350
Seda Solubles	Alonso Cruz	1957	F&B	67	283
CASTILLA-LA MANCHA (5 FIRMS)					
García Baquero	García Baquero	1962	F&B	170	140
Félix Solís	Solís	1950s	F&B	146	278
Bodegas Navarro	Navarro López	1904	F&B	139	35
Forlasa	Ortega Martínez	1970	F&B	111	244
Delaviuda	López, Rojas	1927	F&B	59	267
ASTURIAS (5 FIRMS)					
Industrias Lácteas Asturianas	Rodríguez	1960	F&B	454	841
Corporación Masaveu	Masaveu	1840	Various	391	5
Tudela Veguín	Masaveu	1898	Construction (concrete)	356	877
<b>Alsa-Enatcar</b>	Cosmen	1923	Logistics	318	3,100

Group Name	Family	Date of foundation	Sector	Turnover (million euros)	Employees
Martín Navarro	Martín Navarro and Ballester	1946	Retailing-F&B	146	644
RIOJA (4 FIRMS)					
Conservas Cidacos	Baroja	1950	F&B	92	197
Grupo Indal	Arias	1963	Electrical equipment	83	950
Grupo Barpimo	Ros	1959	Chemicals	65	500
Celorrio	Celorrio	1950s	F&B	53	18
MURCIA (4 FIRMS)					
El Pozo	Fuertes	1936	F&B	460	2,855
García Carrión	García Carrión	19 <sup>th</sup> century	F&B	379	360
AMC Grupo Alimentación Frescos y Zumos	Muñoz	1950	F&B	288	999
García Aranda	García	1941	F&B	78	170
EXTREMADURA (3 FIRMS)					
Banca Pueyo	Pueyo	1890	Banking	4,671 (net profits)	204
Alfonso Gallardo	Gallardo	1960s	Metal-mineral	110,16	225
López Morenas	López	1943	F&B	43,78	89
CANARIAS (2 FIRMS)					
José Sánchez Peñate	Sánchez	1963	F&B	76	430
Grupo Kalise-Menorquina	Suárez	1940	F&B	235	1,407
CANTABRIA (1 FIRM)					
Banco de Santander	Botín	1857	Banking	6,220.104 (net profits)	129,196
NAVARRRE (1 FIRM)					
Victorio Luzuriaga	Luzuriaga	1898	Motor	50	363

Sources: *Actualidad Económica*, 2006, SABI, and corporate websites.

Notes:

1. The firms and groups of firms in this table fulfil three requirements: *a)* they were family-controlled firms in 2005; *b)* they were historic, counting on the involvement of a second generation; *c)* they had a turnover in excess of 40 million euros in 2005.

2. F&B = Food and Beverages.

3. Visible members of the IEF (Instituto de la Empresa Familiar) are in bold.

4. Since 2005 Chupa Chups, Panrico, Uniland and Caprabo in Catalonia have sold out and lost their family status. The cases of Cortefiel and Grupo Indas in Madrid are similar.

**TABLE 2**  
**FOUNDATION DATE OF THE 245 LARGEST HISTORICAL FAMILY FIRMS**  
**IN SPAIN, 2005**

Region	Before 1900	1900-1939	1940-1975	After 1975	Number of firms and % of total
Catalonia	15	18	43	8	84 (34,28%)
Madrid	5	5	18	7	35 (14,28%)
Valencia	2	1	17	8	28 (11,42%)
Andalusia	6	1	9	6	22 (8,97%)
Galicia	1	4	5	3	13 (5,30%)
Aragón	1	5	3	2	11 (4,48%)
Balearic Islands	0	3	6	2	11 (4,48%)
Basque Country	0	3	5	1	9 (3,67%)
Castilla-León	1	1	5	0	7 (2,85%)
Castilla-La Mancha	0	2	3	0	5 (2,04%)
Asturias	2	1	2	0	5 (2,04%)
Murcia	1	1	2	0	4 (1,63%)
Rioja	0	0	4	0	4 (1,63%)
Extremadura	1	0	2	0	3 (1,22%)
Canary Islands	0	0	2	0	2 (0,81%)
Cantabria	1	0	0	0	1 (0,40%)
Navarre	1	0	0	0	1 (0,40%)
Total Spain	37 (15,10%)	45 (18,36%)	126(51,42%)	37 (15,10%)	245 (100%)

**TABLE 3**  
**MAIN ACTIVITY OF THE 245 LARGEST HISTORICAL FAMILY FIRMS,**  
**SPAIN 2005**

Sector	Number of firms and % of total
Food and Beverages	72 (29,38%)
Construction	35 (14,28%)
Retailing	21 (8,57%)
Chemicals and Pharmaceuticals	17 (6,93%)
Auxiliary industries	17 (6,93%)
Tourism	12 (4,89%)
Textiles and Footwear	10 (4,08%)
Communication	9 (3,67%)
Engineering	6 (2,44%)
Other	46 (18,77%)
Total	245 (100%)

Source: Same as Table 1.

Other includes banking, legal services, insurance, gambling, real estate, paper, optics, leather, furniture, security, toys, bed equipment, and logistics.

